

The Department of Veterans Affairs:
Cash and Reimbursement
Management Practices

STAFF REPORT ON THE INTERIM HEARING

Interim Hearing
November 13, 2001
Yountville Veterans Home
Yountville, California

Senator Wesley Chesbro

Chair, Subcommittee 3
Senate Budget and Fiscal Review Committee

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AGENDA

Grant Hall, Yountville Veterans Home
100 California Drive
Yountville, California

November 13, 2001, 3:00 PM

Financing Services at the Homes

*10 minutes **Trends in Reimbursements 1998-99 through 2000-01***

Tiffany Reyes, Fiscal and Policy Analyst
Legislative Analyst's Office

- Why are reimbursement levels important?
- How have reimbursement levels changed in recent years?

*15 minutes **Increasing Reimbursements in 2001-02***

George Andries, Deputy Secretary
Department of Veterans Affairs

- How does the department estimate its reimbursement levels in the budget?
- The Legislature budgeted \$3 million in increased reimbursements for 2001-02, what progress has the department made in raising reimbursements?
- Is the department considering data processing changes?
- What will the department be proposing in the budget year?

*10 minutes **Impact on Services: What Happens to Services When Reimbursements Fall Short?***

Larry Lattman, Chairman
Allied Counsel

*15 minutes **Questions from the Committee Members***

Certification

*10 minutes **What Precipitated Decertification?***

Brenda Klutz, Deputy Director
Department of Health Services

- On what basis did the department decertify the home?
- What was the department's involvement in selecting Country Villa?
- What is the department's process associated with certification?

*10 minutes **Issues Associated with Certification***

Eldon Teper, Chief Operating Officer
Wayne Grigsby, Vice-President
Country Villa Health Services, Inc

- What are Country Villa's recommendations for certification?
- Does it have any recommendations for the department or the other homes?

*10 minutes **Alternative Service Delivery Models***

Marcus Nieto, Policy Research Specialist
California Research Bureau

- How do other states provide services for veterans?

*15 minutes **Questions from the Committee Members***

*20 minutes **Testimony from Unscheduled Witnesses****

** At the hearing, a sign-up sheet will be available for those who wish to testify but have not been scheduled as witnesses.*

SUMMARY OF INTERIM HEARING

Senator Chesbro convenes the hearing at 3:02 PM on November 13, 2001.

Ms. Tiffany Reyes, a Program and Budget Analyst at the Legislative Analyst's Office outlines the history of reimbursements at the department. She notes that the homes' reliance on General Fund support for the homes has increased over time. In each year since 1997-98, the homes have relied on the General Fund for a greater share of their total support.

In the same period, federal reimbursements have consistently fallen. While the department generally collects its budgeted amount of fees from members and reimbursements from the U. S. Department of Veterans Affairs (USDVA), the prevailing problem appears to be in collecting Medicare and third-party insurance claims. At Barstow, the state cannot collect reimbursements until the home is certified. It is not clear why reimbursements have fallen at Yountville.

Maintaining high reimbursement levels are important for three reasons, according to Ms. Reyes. Lower reimbursement levels lead to:

- Exacerbating the department's cash flow problems,
- Compromising service delivery to veterans, and
- Increasing General Fund cost. (In order to mitigate the loss of reimbursement revenue, the General Fund costs are increased.)

Senator Chesbro asks whether the department could do a better job. Ms. Reyes says the department can do a better job, and it is taking positive steps to improve collections.

Department Says Reduced Reimbursement Levels Hurt Veterans. At 3:27, Senator Chesbro invites to the witness table George Andries, Deputy Secretary at the department and John Hanretty, Chief Financial Officer at the department. Mr. Andries says that every dollar the department fails to collect will hurt the veterans. He estimates that 40 percent of the reduced reimbursements is associated with the certification issues at Barstow and Chula Vista. The balance is a "self-inflicted injury" which presumably can be corrected. A big problem for the department is its reporting systems.

To improve collections, the department has formed several advisory councils to monitor operations. The councils are detailed in Appendix X.

Mr. Andries also believes that revised information technology could help. The department is preparing a proposal for inclusion in the Governor's January 10th budget. Currently, the department is weighing two approaches:

1. To upgrade Meditech to the 4.8 version, and/or
2. Add another system(s) if more appropriate.

Senator Chesbro asks whether the department expects to improve its estimate of reimbursements and whether the department can increase the overall level of claims and collections. Mr. Andries says that the department expects to improve its estimates in 2002-03 because it will have better data to work with.

With respect to collections, Mr. Hanretty says that 65 percent of collections are timely, but the department struggles with MediCal and Medicare. Timeliness is the key: If the department makes a timely claim, it gets paid quickly.

Mr. Hanretty says that the department's claims and collections operations will require major changes. According to Mr. Hanretty, the department's culture has been slow to embrace changes, noting that "[i]t takes time to make cultural changes" within the department.

As to population estimates, Mr. Hanretty says that its census estimates are very close to the budget estimate. Through October 2001, caseloads at each home are running slightly below the budgeted amounts.

For the record, Mr. Hanretty notes that the department has at least a four-month delay between the time the service is rendered and a Medicare claim is made.

Deficiency Appropriations Will Be Needed in 2002. Senator Chesbro notes that the budget appropriated \$800,000 in anticipation of collecting an additional \$3 million, and asks if the department will collect the budgeted reimbursement levels in 2002-03. Mr. Hanretty does not know. If the department cannot collect the full amount the department may have to request a deficiency appropriation. His concern is the impact reimbursement shortfalls will have on cash flow.

For the purposes of future budgeting, the department must adjust [downward] its estimated reimbursement levels, according to Mr. Hanretty.

Senator Chesbro asks, once the department closes its books on a fiscal year, does it do any analysis of the unclaimed service costs or unreimbursed claims? Mr. Hanretty responds that the department has hired Certus Corporation to help with some analysis. The department has also hired an in-house analyst, to begin work on November 19, to begin an analysis of the collections data.

Mr. Hanretty notes that the department is unlikely to repay its 1999 or 2000 loans. In total, the department may have to request a deficiency of up to \$5 million to finance forgiveness on the two loans.

He points out that since June, however, the department has made significant changes in its business practices.

Finest Care Anywhere. Senator Chesbro introduces Larry Lattman, representing the Allied Counsel, at 3:55. Mr. Lattman notes that the errors in collections were from past Administrations, saying “Nobody [presently] in the [hearing] room was around when this problem was created.”

He further notes that the “worst message to send” to the people currently serving the armed services is to cut the budget of the veterans homes. He notes that the state’s residents “have the finest medical treatment you can get [in any veteran’s home]... But, we are hampered with [inadequate] equipment.”

He also notes that the loans—whatever they cost--should be forgiven immediately.

DHS Has Concerns about Certification. At 4:02, Senator Chesbro invites Brenda Klutz, Deputy Secretary at the Department of Health Services to the witness table. Ms. Klutz discusses DHS’ certification process. She notes that the homes must be certified prior to qualifying for federal reimbursement of MediCal and Medicare. The qualification standards for USDVA funds are different.

The Barstow home lost its certification on _____, 2000. Once a home loses its certification it must reapply to DHS and meet the certification standards. Barstow had a history of problems prior to certification. The problems at the home are listed in Table 2 of the staff report. Ms. Klutz notes that the certification process is distinct from DHS’ licensing process.

To assist “troubled” homes in securing certification DHS maintains a list of consultants with whom a home may contract. Country Villa Health Services was appointed from that list.

Ms. Klutz discusses the process for having Medicare and MediCal restored. Once a facility believes it has addressed all the problems identified in the certification survey it may apply for DHS to resurvey. If the facility passes this survey, there is a reasonable assurance period. During this period, which may last up to 120 days, DHS must return and the facility must pass the survey again. The reasonable assurance period is intend to assure substantial compliance over time.

DHS completed its initial certification survey on _____. The results were not available to the public at the time of the hearing. Since then, DHS released the results. The notification is included in the Appendix.

Senator Chesbro asks what lessons DHS learned since Barstow lost its certification. Ms. Klutz learned the following:

1. In general, acute care at the Yountville home is “good.”
2. The Barstow home needs to change its “organizational model.”
3. The Barstow home appears to be improving. It “looks” better than it did when it opened.
4. Staff at the homes need long-term care backgrounds.

Senator Chesbro notes that the contract with Country Villa Health Services has expired. When he asks whether the home can be re-certified without Country Villa’s assistance, Ms. Klutz responds that she has concerns about whether the department will pass the second survey.

At 4:13, Wayne Grigsby and Eldon Teper from Country Villa Health Services begin their testimony. In response to concerns about Barstow’s ability to be certified without the help of Country Villa, Mr. Grigsby notes the following:

1. ***Proper Management May Be Missing.*** Mr. Grigsby raises concerns about the “professionalism” of the Barstow management. Although line staff remain receptive to the contractor’s leadership, Country Villa Health

Services remains “guarded” about whether homes have appropriate internal leadership.

2. ***Organizational and Procedural Issues Limit the Home’s Ability to Correct Problems.*** The management at Barstow lack sufficient knowledge of approaches used in the industry at skilled nursing facilities.

The management is slow to identify and understand problems as they arise. There is also inexperience and lack of understanding about the urgency to address problems as they develop. The home staff do not seem to understand cause-and-effect. They are slow to make decisions. There seem to be “barriers” to problem solving.

Senator Chesbro asks whether Country Villa Health Services trained the staff. Mr. Grigsby says it was the contractor’s hope to improve the climate in the home. This was hampered because of the culture at the home. There was conflict and distrust between the home and contractor.

Barstow Needs To React More Quickly. Mr. Grigsby agreed with Senator Chesbro that there were concerns about the home’s ability to sustain the changes the contractor put in place.

Mr. Teper provides some general recommendations. CDVA should:

1. *Adopt a “culture of compliance”* which ... identifies and takes urgent action to solve problems ... When Country Villa Health Services left the facility, that culture existed, but Mr. Teper is not confident that there is an ability to identify and act. It is absolutely critical.
2. *Consider shifting from a medical care model of care to a nursing care model.* The shift would reduce the tendency to over-use hospitalization. The home needs to evaluate the use of acute care.
3. *Consider moving to privatization,* or other models outside of CDVA. Adopt a best practices pattern for staff efficiency and quality of care.
4. *Hire experienced (“seasoned”) nursing resources.*
5. *Hire administrators with a proper “skill set.”* CDVA seems to be hiring administrators with experience with evaluation, rather than administration.

6. *Address information technology deficiencies.* CDVA should have a information technology system which bills, provides record keeping for clinical issues and monitors patient and claims processing.
7. *Develop a staff structure which reacts quickly.* Currently there are delays that would be unacceptable in the private sector.

Senator Chesbro notes that CDVA was not scheduled to speak in this portion of the hearing, but in light of the information presented by DHS and the contractor, invites the department to respond either at the hearing in writing. The department responded in writing on November 27. The response is included in the Appendix.

Findings from the Research Bureau Survey. Senator Chesbro invites Marcus Nieto, Research Analyst at the California Research Bureau to the witness table at 4:35. Mr. Nieto has completed a survey of veterans affairs activities in other states. Among his findings, he notes the following:

1. California has more beds than any other state, but needs more.
2. New York's homes are staffed by the state department of health services.
3. There is a connection the state universities at the homes in New York and Georgia.
4. California is one of seven states that provide acute care.

At 4:50, Senator Chesbro provides an opportunity for any unscheduled witness to testify about the subject of reimbursements, cash flow and certification. Several residents speak to the general conditions at the Yountville home. The hearing concludes at 5:10.

INTERIM HEARING CONVENED TO ADDRESS FISCAL MANAGEMENT ISSUES

The Department of Veterans Affairs administers three veterans homes. These homes receive funding in part from the state General Fund, member fees and federal reimbursements from Medicare. The Medicare reimbursement procedures for the homes are the same procedures that private facilities or Medi-Cal service providers follow.

In the last three years, the homes' reimbursement levels have dropped significantly. The state General Fund has backfilled most—if not all—the department's lost reimbursements.

Some of the depressed reimbursement levels can be attributed to the effect of decertification at the Barstow home. When the state Department of Health Services decertified the Barstow home, both Barstow and Chula Vista lost their ability to qualify for federal Medicare payments. Yountville did not lose its qualification for federal reimbursements.

Earlier this year, Subcommittee 3 held three hearings to investigate the department's management of reimbursements. As a follow-up to the budget hearings, Senator Chesbro requested an interim hearing in Yountville. The hearing provides the Legislature the first opportunity since the budget passed to review the department's progress on increasing reimbursements and securing certification. This briefing paper is intended to outline the fiscal issues associated with reimbursement and certification. The subcommittee would benefit from an update on the following:

1. ***Enhanced Reimbursements.*** The budget Conference Committee augmented the department's budget by \$800,000 on the condition that the department would generate \$3 million in additional federal reimbursements before June 30, 2002. What progress has the department made?
2. ***Management Reports.*** The Conference Committee adopted supplemental report language requiring the department to provide (a) monthly updates on the department's efforts to increase reimbursements through certification, and (b) a cash-management report on August 31. The department agreed to comply with these report requests. To date, the committee has received one report. What caused the delay in the reports?

3. ***Certification.*** The budget assumes that Barstow will be certified no later than January 2002 and be eligible for federal reimbursements beginning February 2002. The budget assumes Chula Vista will qualify for reimbursements a month later. What is the progress on securing certification?
4. ***Country Villa Contract.*** Since January, Country Villa Health Services has administered Barstow's Skilled Nursing Facility (SNF) in conjunction with the department, to prepare for a certification survey on or before October 31. The Conference Committee provided funding for the contract through October 31. Since the home has not been certified, what is the status of Country Villa's administration at the home?

Not Just a Fiscal Issue: Under What Circumstances Should the State Assign More Homes to the Department? While the focus of the hearing is the department's fiscal management--and the cost to the General Fund--the issues raised in the report go beyond the effect on the General Fund. As the Legislature considers bills to build and operate at least two more veterans homes, it will consider whether the department can reasonably be expected to manage the new homes effectively. Specifically, does the department intend to replicate its existing management systems and practices at the new homes?

- If so, under what circumstances will the department be able to improve its management of cash and reimbursements?
- If it does not intend to replicate its existing systems and practices, is there any assurance that the revised—and untried—management will perform better at the new homes?

The briefing paper is divided into two sections: The first section outlines issues associated with improving reimbursements and cash management. The second considers issues associated with certifying Barstow.

FINANCING SERVICES AT THE HOMES: IMPROVING MANAGEMENT OF REIMBURSEMENTS AND CASHFLOW

This section deals with two related management issues: How does the department manage its reimbursements and cashflow throughout the fiscal year? First, we outline the department's recent experience in securing reimbursements. Later, we outline the department's recent experiences with taking out loans to meet its cashflow needs.

Federal Reimbursements

The department expects to have between 1500 and 2000 residents at the homes during 2001-02, at a total cost of about \$100 million. As displayed in Table 1, the General Fund provides nearly 60 percent of the operating budget for the homes.

Table 1¹
Funding Sources for the Three Homes
Operating Budget
Dollars in Thousands
2001-02

	<u>Barstow</u>	<u>Chula Vista</u>	<u>Yountville</u>	<u>Totals</u>	
				Amount	Percent
General Fund	\$15,254	\$ 10,385	\$ 31,722	\$ 57,361	57%
Member Fees	1,928	1,649	9,159	12,736	13%
<u>Reimbursements</u>					
<i>Medi-Cal</i>	353	70	2,804	3,227	3%
<i>Medicare</i>	80	16	9,770	9,866	10%
<i>Aid & Attendance</i>	295	25	1,539	1,859	2%
<i>USDVA</i>	<u>2,276</u>	<u>1,709</u>	<u>10,977</u>	<u>14,962</u>	15%
Totals	\$20,186	\$ 13,854	\$ 65,971	\$ 100,011	

¹ Source: Department of Veterans Affairs and Legislative Analyst's Office (LAO), please see Appendix for LAO data.

The balance of the homes' costs are financed from member fees and reimbursements (including federal funds from Medicaid and the Veterans Administration). Overall, three sources make up the majority of the non-General Fund portion of the homes' budget:

- *Member Fees*, which are charged to each resident. Fee levels are set in statute and vary by the member's income and level of care.
- *US Department of Veterans Affairs (USDVA)* per diem. This is a per capita amount provided by the federal veterans administration for residents at the home.
- *Medicare* reimbursements are for health services provided at the homes.

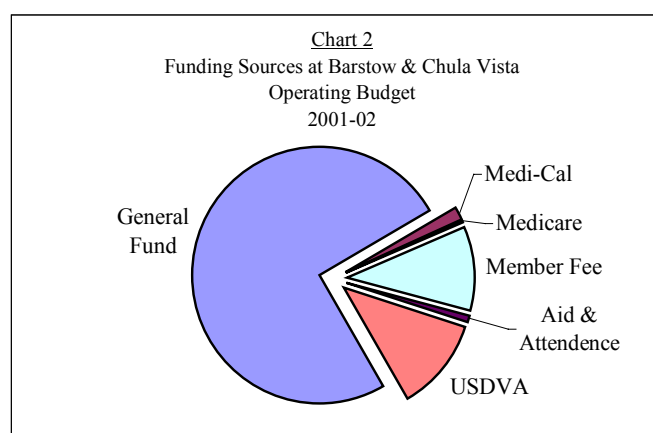
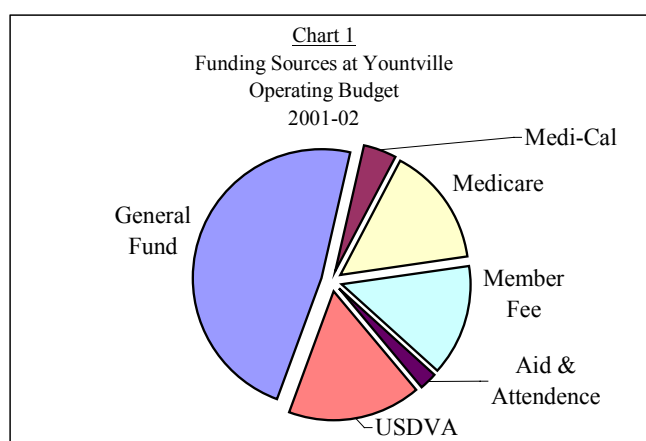
The funds listed in Table 1 are transferred at various times over a three year period. Specifically, the department reports that the state makes the General Fund appropriation available on July 1 of each year, the USDVA forwards funds 30 days after the department makes a valid monthly claim, and Medicare payments can lag by as much as two years after the department renders its services.

How Does the Department Seek Reimbursements? Using the department's accounts receivable system, the department staff compile data on the Medi-Cal treatment provided to residents. Once all documentation (*e.g.*, diagnosis and dates of service) is correct and complete in the computer system, claims are filed electronically to the applicable insurance carrier. Both acute and recurring accounts are billed through this system.

If reimbursements are not secured—either because the department does not make the claim or the insurance carrier rejects the claim--the department may accommodate shortfalls by either:

- Reducing spending, or
- Requesting a deficiency appropriation from the Legislature to make up for the lost reimbursement revenue. In 2001, the department requested a deficiency appropriation in legislation carried by Senator Johannessen (SB 45).

There are limits to the amount of services the department can reduce to accommodate the lost revenues. The department writes that it does not compensate for reimbursement shortfalls by reductions to “services to any areas that relate to patient care.” Instead, cutbacks are made in “travel, overtime (except patient care), temporary [and permanent] help, ...equipment purchases, ...contracts, training, supply inventories and general fund building projects.”² Major shortfalls in federal reimbursement levels, as a consequence, are financed by increasing General Fund appropriations.



Yountville Funding Levels Should Be More Typical than Those at the Other Homes. There are important differences about the reimbursement levels attained by the three homes. For example, while the Yountville home derives about 52 percent of its budget from reimbursements, the other two homes receive less than 25 percent of their budget from reimbursements. Charts 1 and 2 compare the composition of funding sources for Yountville with the other two homes. The difference reflects in part the impact of decertification at Barstow.

Until Barstow is certified, Barstow cannot claim Medicare reimbursement for services provided at the Skilled Nursing Facility (SNF) and Chula Vista cannot open its SNF. As the state expects all three homes to be certified by February 2002, Yountville’s experience is a more appropriate model for estimating future funding levels at *all* the homes.

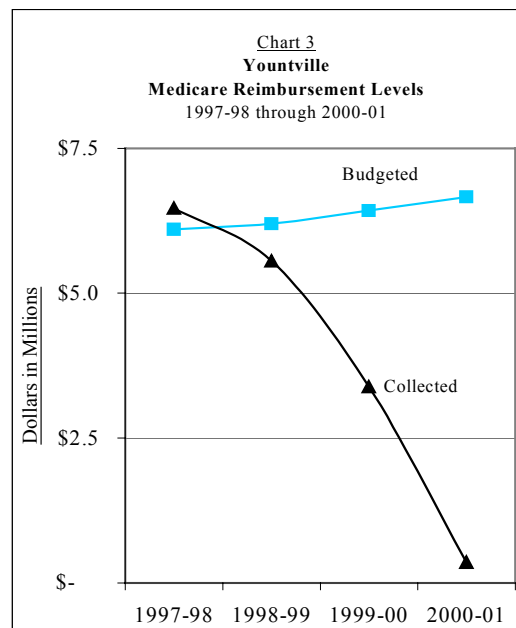
² Material forwarded to committee by department on October 11, 2001. Please see appendix for details.

Yountville also merits study because the Legislature has provided the home with more fiscal incentives to increase reimbursement levels. In 2000, the Legislature authorized Yountville to contract with CERTUS Corporation to reduce backlogs in Medi-Cal service billings. In 2001, the Legislature appropriated \$800,000 for a contract to improve the home's inpatient billing system. In June, the department told the Legislative Analyst that it expected to increase reimbursements in the current year by \$3 million as a result of the contract.

Reimbursement Levels at Yountville Have Fallen. At Yountville, Medicare reimbursements are budgeted as the second largest source of non-General Fund revenue, accounting for over 30 percent of the total derived from reimbursements and fees.

In 1997-98, the state budgeted \$6.1 million in Medicare reimbursements at Yountville. The department collected \$400,000 more than the Legislature budgeted in that year. In the following year, the state expected Yountville to collect \$6.2 million, but the home fell short by about \$600,000, collecting only \$5.6 million from the federal government. According to the department, all claims that can be made for reimbursements for services rendered in 1998-99 have been made (the last date to make a claim was December 31, 2000).

For 1999-00 and 2000-01, the department has not finalized collection amounts. According to the department, it “can bill for certain types of reimbursements up to 18 months after fiscal year-end.”³ By this standard, it would appear that the department may still make a timely claim for *some* services rendered in 1999, as long as it makes the claim by December 31, 2001. As of September—three months before the federal deadline--the department has collected \$3.4 million for 1999-00, about half the budgeted amount. For 2000-01, the department collected about \$400,000, significantly less than the \$6.7 million budgeted.



³ Memo, From Tiffany Reyes and Dan Carson to Senator Peace (August 31, 2001). The memo is reproduced in the appendix.

Chart 3 compares the home's budgeted Medicare reimbursements with the amount actually collected to date, as reported by the Legislative Analyst.

Collection levels reported by the department for the last two years are not "actuals"—because the department may not have made a claim or the federal administration may not have sent the reimbursement amount—so it is hard to evaluate the department's performance in making claims and working the accounts. The department is unable to estimate how much of the accounts receivable from 1999-00 and 2000-01 will be claimed or collected, though it admits that "there is a potential \$6 million shortfall in reimbursements" for services rendered in 2000-01.⁴

Problems Identified by the Department. It appears that despite the certainty of certification and the fiscal incentives at Yountville, the home has problems securing all the reimbursements budgeted. Reimbursement levels may be falling for several reasons, including the following problems identified by the department:⁵

- *Personnel.* The department has found it difficult to hire physicians and other professionals. For example, for 10 months in 2000-01, the department was unable to fill two openings for a Utilization Review nurse. By holding these positions open for nearly a year, the department was unable to make timely reimbursement claims, and lost an estimated \$217,000 in reimbursements.
- *Meditech.* The department uses a commercial acute care software package to track and claim reimbursements, known as Meditech. The software may not be sufficient for the department's needs.

In 1997, the federal government changed its claims and payments system. According to the department, the state is still unable to conform to the new system "due to the lack of accurate and reliable data from the Meditech system." The department will begin testing a new version of the Meditech software in November 2001. It is not clear that the new software will address the federal changes.

⁴ Department of Veterans Affairs, Budget Change Proposal (May Revision).

⁵ Department of Veterans Affairs, October 11, 2001.

- *Improper or Incomplete Posting of Services Provided.* The department's reimbursement system requires that each doctor key in data about services provided. Each doctor must use a unique personal identification number (PIN). Until recently, PINs had not been used by the physicians. As a result, billable events were not properly logged into the system. While the department has taken steps to correct this problem for future billings, the department does not know the extent to which prior billings can be corrected.

The Department Acts To Increase Reimbursement Levels at Yountville.

Recognizing the importance of reimbursement levels, the department has taken or plans to take the following actions to improve reimbursements at Yountville:

- In 2000, it contracted with Superior Consultants to reduce account receivable backlog and enhance the home's bill tracking system (known as the Meditech system), improve hospital business practices and to provide staff training. Superior Consultants improved operating efficiency of the system and helped the home collect approximately \$3 million in reimbursements.
- In 2001, it contracted with CERTUS Corporation to review inpatient and outpatient surgery accounts receivable for the period October 1999 through June 2001. According to the Legislative Analyst, CERTUS identified 429 billable accounts for a potential increase in reimbursements of about \$1.3 million. After reviewing the accounts assigned it, CERTUS now estimates that it can collect between \$350,000 and \$450,000.
- In 2001, it hired a financial manager, a former Medicare auditor, to help train clinical and Medi-Cal staff on procedures for billing, entering data and ensuring compliance with Medicare requirements.
- In 2002, the department expects to contract for "a fiscal intermediary to capture reimbursement data and bill for inpatient services." Though the department proposed the \$800,000 on May 14, 2001 as part of the May Revision, the department began writing the Request for Proposal (RFP) in November 2001. It expects to award the contract on an expedited basis, possibly as soon as January 2, 2002. Presumably, the fiscal intermediary will be working on accounts from July 1, 2000 forward, as those are the

accounts that may be billed to Medicare. The budget assumes this contract will generate \$3 million in additional reimbursements by June 30, 2002.

Evaluating the Department's Management of Accounts Receivable (A/Rs). It is not clear that the department has a way of measuring its performance in collecting Medicare reimbursements. For example, when estimating the reimbursement levels for budget purposes, the department merely projects from prior experience. Typically, the department does not attempt to reflect changes in federal claiming procedures, caseload or management practices.⁶

By using historical reimbursement levels, the department implies that existing management practices are sufficient to ensure collection of the A/Rs. As a means of evaluating whether the department has collected all the reimbursements due the state, this measure is insufficient. As the Legislative Analyst states⁷:

...it is unclear to what extent reimbursements for Medi-Cal and Medicare services, as listed in the Governor's budget, represent the full amount due [the state]. That is because the department currently does not have the data needed to determine the level of reimbursement revenues the department should be collecting for Medi-Cal services such as inpatient and outpatient surgery at the Yountville veterans home and for any laboratory, radiology, pharmacy and rehabilitation services provided...

Indeed, without some basis for measuring the level of reimbursements actually due, the Legislature has an insufficient basis for evaluating the department's performance on billing, tracking and collecting reimbursements.

⁶ *Ibid*

⁷ *op. cit.*, Memo from Tiffany Reyes to Senator Peace

Questions about the Department's Management of Accounts Receivable

1. ***Estimating Future Reimbursement Levels.*** The department uses historical reimbursement levels for estimating the amount of revenue due the state. In light of the recent changes in federal claims requirements, does the department have any way of verifying that its current management practices will yield the same reimbursement levels?

Historical reimbursement levels are a rough proximate for future department performance. How does the department ensure that it is identifying, tracking, claiming and receiving *all* the reimbursements due the state?

2. ***Prospects for Collecting on Accounts Receivable from Prior Years.*** The department has over \$9 million of uncollected reimbursements dating back to 1999-00. How much does it expect to collect? On what basis has it made this estimate? Does the department have a process for determining which accounts it should work first?
3. ***Managing the Accounts Receivable.*** The department has identified serious problems associated with identifying, tracking and claiming billable accounts. What corrective actions is the department taking? How soon will the corrective actions begin yielding higher reimbursement amounts?
4. ***Aging of Accounts Receivable.*** The department says it can delay for 18 months before making claims with the federal government for "certain" accounts. Which accounts are the "certain accounts" whose billing can be delayed? Does the department track those accounts separately so it can make timely claims on accounts whose billing cannot be delayed?

On average, how timely are claims made? What prevents the department from making claims within six months of services being rendered? If claims are delayed, is there an increased chance of failing to receive reimbursement?

5. ***Caseload.*** Caseload drives a large amount of the reimbursement activity. However, the department has had difficulty estimating caseload. During the 2001 budget process, the department revised its caseload estimates

significantly. Since July 1, has the department's caseload experience been consistent with the May Revision estimates?

6. ***Five Reports Are Outstanding.*** The Legislature had reservations about the department's cash management practices and the timeline for Barstow's certification. It requested reports to monitor the department's progress in addressing these issues. Of the six reports due by November 1, the department has forwarded one report. What has been the cause of the delay for the other reports? When will the department issue the required supplemental reports? If the department cannot provide the requested updates on cash management, how should the Legislature monitor the department's progress?
7. ***Update on the \$800,000 Appropriation for Increasing Reimbursements.*** The department began writing the RFP for this contract in November, though the appropriation was contained in the May Revision and approved by the Legislature in July. The budget assumes that the contract, to be let on January 2, 2002, will generate \$3 million in 2001-02. What caused the delays in preparing the RFP? How likely is it that the contract will generate the amount of reimbursements budgeted?
8. ***Information Technology.*** The department has struggled to use the Meditech system to ensure full reimbursement. Should Meditech be replaced? If so, what should the department and Legislature expect from the new system?

Update on Cashflow

Expenditure Freeze Implemented During the Last Two Years. In each of the last two years, the department has implemented a mid-year spending freeze on expenditures after determining that projected expenditures would exceed the available funds. Typically, the department issues an “expenditure control memo” to the three homes to begin the freeze. According to the department, the memo directs the homes to reduce services in areas that do not “relate to patient care.”

- In 1999-00, the department issued its expenditure control memo nine months into the fiscal year, on March 8, 2000.⁸
- In 2000-01, the memo was issued the memo five months into the fiscal year, on December 11, 2000.⁹ The memo required Yountville home to save \$3 million. Of the \$3 million, \$1.6 million was saved by deferring capital projects, and \$500,000 was saved by eliminating excess positions.¹⁰ It is not clear what other actions the department took to generate the other \$900,000.

Loan Authority. In the event that the expenditure controls do not generate sufficient savings, the budget authorizes the department to secure a six month loan to accommodate any short term cashflow problem.¹¹ Specifically:

A General Fund loan, in an amount not to exceed the level of reimbursements appropriated in ...this item, shall be made available to the Veterans' Home of California by the Controller to meet cash needs resulting from the delay in receipt of federal funds or reimbursements for Medi-Cal services provided. The loan is short term and shall be repaid within six months....

⁸ Memo, DVA to....

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¹¹ 2001 Budget Act, Item 8965-001-0001.

The department has used the loan authority in the last three years in the following ways:

- In 1998-99, Yountville received a loan of \$4.3 million and repaid the loan in four months.
- In 1999-00, Barstow took a loan out of about \$900,000. It repaid the loan late. Yountville took out a \$7.8 million loan. Of this amount, \$2 million on the loan remains to be paid.
- In 2000-01, Yountville took out a \$5.2 million loan. It has repaid \$1.9 million and the balance is due on December 20, 2001.

Questions about Cashflow

1. The department's fixed costs are spread evenly throughout the year. The department receives revenues and generally receives reimbursements on a steady and predictable schedule. Why does the department consistently have difficulty managing its cashflow over the last half of the year?
2. The \$3.3 million remaining to be paid on the 2001 loan is due on December 20, 2001. Will the department repay this loan on or before its due date? When will the department repay the amount remaining on the 1999-00 loan (\$2 million), now nearly a year past due?

UPDATE ON CERTIFICATION OF THE BARSTOW HOME

On June 21, 2000, the Department of Health Services (DHS) issued a letter terminating the Barstow home's participation in the Medicare program, effective July 13, 2000. As a result of this decertification, the federal government ceased payments for Medicare, Medi-Cal and per diem for the SNF and domiciliary care facilities at the Barstow home. The domiciliary portion of the home was certified effective December 2000.

When DHS surveyed the home in May 2000, it found many deficiencies. The deficiencies are graded on a two-variable scale, measuring scope and severity of the deficiency. Severity is measured as ranging from no actual harm to immediate jeopardy to health or safety. A home may get a rating of a substantial compliance only when all deficiencies are considered to have the lowest form of severity (i.e., no actual harm or potential for minimal harm). Deficiencies are rated in scope as isolated, patterned or widespread. Chart 4 maps the variable scale in a grid. The vertical axis is associated with the severity measure and horizontal axis lists the scope. An issue rated in the black range is considered in "substantial compliance." Deficiencies occurring in the grey range are considered to be cases of providing "substandard quality of care." The results of the Barstow survey are summarized in Table 2. The letter in parentheses in the first column identifies DHS' rating for the deficiency.

Chart 4: Enforcement Grid¹²

Severity	Immediate jeopardy to resident health or safety	J	K	L
	Actual harm that is not immediate jeopardy	G	H	I
	No actual harm with potential for more than minimal harm that is not immediate jeopardy	D	E	F
	No actual harm with potential for minimal harm	A	B	C
		ISOLATED	PATTERN	WIDESPREAD
		Scope		

¹² Brenda Klutz, Department of Health Services, Memo to John Decker (October 24, 2001).

Table 2¹³
Results of Barstow Certification Survey
May 2000

Certification Survey	Description of Deficiencies
F-155 (D) • Informed consent for treatment	No evidence that the facility had obtained informed consent for the use of an anti-psychotic. No evidence that a resident or family had been advised of medications risks or benefit.
F-157 (E) • Not notified of change of condition	Facility failed to notify physician if significant change in condition for the following residents. Resident 1 had significant weight fluctuations and 8 falls where he sustained injuries and mental changes were noted. Resident 13 had significant weight fluctuations and a fall, complained of dizziness. Resident 11 had one large and one small blackened area on the heel (this was after resident had been returned to the facility after a toe amputation.) Residents 10 and 5 had fluid-filled blister on buttocks. Resident 12 had stage 2 pressure sores. Resident 7 had an injury to the right lower leg and a 21-pound weight loss in one month.
F-166 (E) • Did not resolve grievances	Residents had complained to administrative staff about food (meat overcooked and vegetables very hard.) Residents complained that they were being moved off a unit without being told where they were being moved. Mail was not being delivered timely. Six of 16 residents complained that they were not being invited to their care plan meetings.
F-176 (D) • Unsafe self-administration of drugs	Residents may self-administer drugs if the interdisciplinary team has determined the practice is safe. One resident had eye drops, aspirin and Tylenol on night stand. No evidence that team had approved. Resident was taking Coumadin (blood-thinning medication) Licensed staff was not aware that resident had this medication in room.
F-224 (F) • Failed to investigate appropriation of resident property	Resident failed to provide evidence of investigations into the following: Resident 14 (\$800), Resident 2 (\$29), Resident 24 (\$160), Resident D (\$15), and Resident B (\$128)
F-225 (H) • Abuse and misappropriation not reported or investigated	Injuries of unknown source and misappropriation are reported immediately. The facility failed to investigate the misappropriations listed above and the following injuries: Resident 14 (dark purple bruises on left upper arm and left lateral trunk), Resident 17 (large bruise on right are, left arm and both hands with multiple small bruises), Resident 10 (bruise on left are, bruise on right arm and wrist), Resident 7 (2 circular abrasions to lower legs and hot water burn on right knee)
F-241 (E) • Dignity and respect	Facility must promote care that maintains or enhances each resident's dignity and respect in full recognition of individuality. Resident 24 (left side of face left unshaved...told surveyor he hated it), Resident 17 (pushed in the shower chair with his entire perineum in full view of other residents. Facility made no effort to cover resident until surveyor intervened. When the humane society had to cancel a pet therapy activity, staff planned to replace the activity with a battery-run talking stuffed animal.
F-246 (D) • Use of equipment for transfer	Facility must receive services with reasonable accommodation of individual needs and preferences. Resident 1 was identified as in need of a more stable wheelchair, stuck in wheeled walker he didn't like because the order for the new wheelchair hadn't been placed in over 6 months. Resident 9 observed in dining hall unable to reach his food while sitting (had to stand up in walker each time he reached for food on his tray) No intervention by staff.
F-248 (B) • Activities	Facility must provide for ongoing program of activities designed to meet the interests of each resident. Resident 14 said playing solitaire is all he has to do all day and that he had not been on an outing outside the facility since his admittance. Resident 1 complained that all he had to do all day was watch T.V. or have visitors or go outside.
F-272 (D) • Accurate assessment	Facility must make a comprehensive assessment of resident needs. Review of the Minimum Data Set (MDS) records for 4 residents who had experienced a series of falls revealed inaccurate assessment for residents' needs for staff assistance with amulation or transfer to prevent falls.
F-279 (E) • No updated care plans to prevent additional falls or pressure sores	Facility must develop a comprehensive care plan for each resident that includes measurable objectives and timetables to meet a resident's needs. Resident 1, 3, 4, & 20 had histories of falls with injuries (including bruises, skin tears, and head injuries) but plans of care contained no entries for interventions to prevent further falls or injuries. For resident 25, a plan of care and interventions to prevent falls from wheelchair not initiated until after 2 nd fall. The care plans for residents 11, 10, & 2 each with diabetes and history of skin breakdown, contained no evidence that the plan of care was being implemented to monitor, report or prevent further skin breakdown.
F-309 (G) • Resident awaiting transport to acute care left exposed and outside for 45 min.	Each resident must receive and the facility must provide the necessary care and services to attain or maintain the highest practicable physical, mental, and psychosocial well-being. Resident 19 weighing 485 lbs., and complaining of severe body pain and respiratory difficulty was left outside the facility with torso exposed for 45 minutes awaiting appropriate transportation to an acute care hospital. Resident died 4 days later of pneumonia.

¹³ Ibid.

Certification Survey	Description of Deficiencies
F-314 (G) <ul style="list-style-type: none"> Pressure sores 	Resident who enters facility without pressure sores does not develop pressure sores unless the individual's condition demonstrates that they were unavoidable; and resident having pressure sores receives necessary treatment to promote health, prevent infection and prevent new sores from developing. Resident 5 had no documented assessment for cause of blisters on hips or interventions for the prevention of further blisters; physician not notified of blisters until pressure sore reached stage 2. Resident 12 had no timely notification of physician or treatment ordered for stage 2 pressure sores.
F-324 (H) <ul style="list-style-type: none"> Prevent and investigate accidents 	Facility must ensure that each resident receives adequate supervision and assistance devices to prevent accidents. Facility refused to provide investigation reports for the following falls or injuries: Resident 1 (8 falls with injuries), 3 (4 falls with injuries), 4 (4 falls), 20, 3 falls and infected skin tear), 28 (3 falls), 13 (2 falls with injury), K (2 falls), 7 (injuries to shins from incident on facility bus and hot water burns.) Resident 9 with history of falls observed releasing himself from the seatbelt on walker without staff intervention. Resident 25 fell from wheelchair twice before plan of care and interventions to prevent further falls initiated.
F-325 (G) <ul style="list-style-type: none"> Weight loss 	Facility must ensure that a resident maintains acceptable parameters of nutritional status, unless clinical condition demonstrates that this is not possible. Resident 1 on a diuretic, demonstrated significant weight loss with no corresponding assessment or interventions for the resident refusing meals, decreased oral intake or that he may require assistance with meals. Significant weight loss for residents 4 and 13 attributable to "error" with no evidence of staff follow through to maintain acceptable body weight. Nutritionally at-risk resident 7 demonstrated severe weight loss without timely intervention or assessment.
F-328 (G) <ul style="list-style-type: none"> Treatment for special condition 	Facility must ensure that resident receive proper treatment and care for special services. Three residents at high risk for skin breakdown, 11 (recovering from amputation of right toes), 10 and 2) developed blackened areas and pressure sores on feet due to improper treatment or failure to monitor.
F-353 (E) <ul style="list-style-type: none"> Nurse staffing 	Facility must have sufficient staff to provide nursing services. Staff interviews revealed that some registry staff were unfamiliar with equipment. Office personnel observed feeding residents. Facility using temporary staff on regular basis for all shifts without providing orientation prior to the provision of care for residents.
F-426 (G) <ul style="list-style-type: none"> Pharmaceutical services 	Must provide pharmaceutical services including procedures that assure accurate acquiring, receiving, dispensing and administering of all drugs. Resident 3, with history of seizures and under physician's order for Phenobarbital twice a day, frequently left facility. No evidence that staff attempted to ensure that resident was receiving medication in consistent manner. Resident 28 didn't receive medications of Losix and Trental due to the resident not being "in the facility" or off the unit for 9 days spread over 4 weeks.
F-427 (G) <ul style="list-style-type: none"> Pharmacist oversight of pharmacy 	Must employ or obtain the services of a licensed pharmacist who provides consultation on all aspects of the provisions of pharmacy services, establishes a system of records or receipt and dispositions of all controlled drugs and determines that drug records are in order. The receipt and dispensation of 6 of 6 controlled drugs could not be reconciled with medication administration records and physician's orders for 5 of 5 residents. Facility's consultant pharmacist had not identified that the facility was out of compliance with state and federal laws regarding handling and labeling of controlled substances.
F-429 (E) <ul style="list-style-type: none"> Pharmacist intervention in care 	Pharmacist must report any irregularities to the attending physician and the director of nursing. There was no documentation that the following dispensations without physician's orders were reported: Resident K receiving phenobarbital, resident L receiving a therapeutic multivitamin with minerals daily, resident J receiving Vicodin three times over 4 months. No documentation that the pharmacist consultant reported the use of high dosage and suspension form of Dilantin, with low serum levels or asked for a follow-up serum level after dosage changes. No evidence that the pharmacist reported or questioned the discontinuation of Diabeta for a diabetic resident with a trend of high blood sugars, eventually so high that the facility's machine couldn't read them.
F-430 (D) <ul style="list-style-type: none"> Pharmaceutical irregularities 	Physician did not respond to consultant pharmacist's request for Dilantin and Valproic Acid serum levels on March 30 or April 28.
F-490 (H) <ul style="list-style-type: none"> Ineffective administration; lack of policy 	Facility must be administered in a manner that enables it to use resources effectively and efficiently to attain or maintain the highest practicable physical, mental and psychosocial well-being. Of the 29 residents sampled, facility provided substandard quality of care regarding abuse policies for 8 residents, for prevention of accidents for 14 residents. Review of 3 different policy and procedures manuals revealed no evidence that the facility had current policies and procedures approved by governing body to effectively manage facility.
F-493 (I) <ul style="list-style-type: none"> Failure to implement policies 	Must have a governing body for establishment and implementing policies. Resident's "Do Not Resuscitate" orders not followed and identification of resident by arm bands with DNF ineffective (a majority of residents weren't wearing them.) Could not produce a policy to obtain accurate weights for residents had been enacted. Could not produce evidence that policy to prevent residents' alcohol-related accidents/falls was followed. Facility took no corrective action to address administration of convulsant medication given without physician's orders. There was no implementation of the policy to prevent further falls for residents with repeated falls. Policies on elder abuse do not ensure that resident will be guarded against further abuse during investigation of abuse allegations no how facility will investigate injuries of unknown origin.

Certification Survey	Description of Deficiencies
F-501 (I) <ul style="list-style-type: none"> Medi-Cal director's lack of oversight of care 	Facility must designate a physician to serve as Medi-Cal director. Medi-Cal Director is responsible for implementation of resident care policies and the coordination of Medi-Cal services in the facility. There was no evidence that the Medi-Cal director of the facility had a significant role in overseeing the overall clinical care of residents to ensure that care was adequate.
F-514 (E) <ul style="list-style-type: none"> Documentation and Medi-Cal records problems 	Facility must maintain clinical records on each resident in accordance with accepted professional standards and practices that are complete, accurately documented, readily accessible and systematically organized. In 7 or 29 residents sampled, and 1 un-sampled resident, the clinical records were missing documentation of treatment, contained other residents' information were incomplete (missing dates or times), or contained unfinished notes.

Process of Certification. For the Barstow home to be certified this year, DHS must survey the home twice. All identified deficiencies must be addressed in the first survey. The second survey is a full review of the home. In the second survey, the home must pass in all areas. The second survey must be done within 120 days of the first survey.

The budget assumes that Barstow will be certified no later than January.

Recent Developments. On January 15, 2001, DHS appointed a temporary manager for the SNF, Country Villa Health Services, to help expedite certification. In addition to managing and operating the SNF, Country Villa Health Services is to assess the status of the SNF operations, propose a plan to correct the SNF's certification problems, consult with DVA on selecting a permanent administrator and train staff to take corrective measures. The budget conference committee appropriated sufficient funds to extend Country Villa's contract through October 31, 2001.

Between August 15 and August 22, the Inspector General for Veterans Affairs (IGVA) conducted a "mock survey" of the home. The survey identified the following deficiencies:

- **Pharmacy Operation.** The pharmacy lacked pharmacists. The home plans to contract with pharmacists until pharmacists can be hired.
- **Medi-Cal Supervision and Physician Services.** Medication regimes for patients were reviewed and determined to need significant adjustments.
- **Recruitment of a Director of Nursing.** The director plans to step down and needs to be replaced.

The IGVA's report on August 28 determined that

although there were survey findings and deficiencies found,...most areas observed were well within both state and federal standards. We feel confident that the home can and will correct remaining deficiencies and be prepared for a certification survey by ...DHS. We believe also that the home now has the systems and personnel in place to maintain the standards through the next survey and in the future.

On November 2, the Department of Health Services (DHS) completed its certification review at Barstow. If it passes this review, the home must now wait up to 120 days for a second, follow-up survey. The home must also pass this second survey before DHS can certify the home and Barstow can qualify for federal reimbursements.

In order to meet the budget assumption that reimbursements will be restored in February the second survey must be done before the 120-day deadline.

The Nature of the Contract. The contract with Country Villa Health Services is intended to be a temporary arrangement to help the department resolve a limited number of issues associated with certification at Barstow. The temporary arrangement requires tact and discretion by both the contractor and the home. For example, while Country Villa is at the Barstow under a contract with DHS, the Department of Veterans Affairs remains responsible for the overall operation of the home. The supervisory responsibilities could be confusing and difficult for department staff.

In addition to the certification issues, Country Villa Health Services has suggested the following changes to improve operations at the department:

- ***Extend the Country Villa contract to cover personnel and management issues at the other homes.*** On March 20, 2001, Country Villa Health Services suggested adding the following the recruitment and training of staff at the other homes. The contractor also suggested that it could evaluate case mix and bed utilization at Yountville.
- ***Replace Meditech.*** On April 20, 2001, Country Villa Health Services recommended replacing Meditech with another clinical software package.

Questions about Certification

1. Can the home maintain its certification without a contractor's assistance?
2. What were the procedural and organizational problems identified by contractor?
3. What lessons from Barstow could be applied to the other homes? Could the homes at Chula Vista and Barstow benefit from a contract similar to the one at Barstow?

SUPPLEMENTAL REPORT REQUIREMENTS

Item 8955-001-0001--Department of Veterans Affairs

1. *Evaluation of the Country Villa Health Services Contract.*

(a) On or before December 1, 2001, the department shall submit a report to the chairs of the budget committees of both houses on the following.

- Describe the issues considered and addressed by Country Villa Health Services. The description shall include an analysis of the utility of the contract.
- Recommend whether the Yountville or Chula Vista homes should contract to conduct an evaluation of the homes. The recommendation shall include specific issues to evaluate and the likely cost of the contracts.
- Recommend whether the Yountville or Chula Vista homes should contract for the administration of their Skilled Nursing Facilities. The recommendation shall include an analysis of the administrative problems at the homes and the likely cost for a contract.

The report shall provide sufficient information to sustain a thorough analysis.

(b) On or before the publication date of the Analysis of the 2002-03 Budget Bill, the Legislative Analyst shall review the report described in subdivision (a) and comment on the department's findings and recommendations. In the event the department fails to make its report, the Analyst shall make recommendations about the utility of contracting for the administration of the Skilled Nursing Facilities at the homes in the *Analysis of the 2002-03 Budget Bill*.

2. *Managing Cash Flow.*

(a) The department shall submit the following reports to the chairs of the budget committees of both houses.

- (i) On August 31, 2001, detail on the cash flow needs of the department and homes. The department shall detail the expected expenditures and receipt or reimbursements and United States Department of Veterans Affairs per diem.
- (ii) On December 31, 2001, update the report provided pursuant to subparagraph (i). The department shall describe the causes and fiscal implications of the differences between the December 31 and August 31 reports. The department shall make recommendations to the Legislature for accommodating any cash flow problems in future budgets. The department shall notify the Legislature if it plans to direct departments to reduce purchases to accommodate a cash shortfall.

- (iii) On February 28, 2002, update the report provided pursuant to subparagraph (i). The department shall describe the causes and fiscal implications of the differences between the February 28, December 31, and August 31 reports. The department shall notify the Legislature if it plans to direct departments to reduce purchases to accommodate a cash shortfall.

The reports shall provide sufficient information to sustain a thorough analysis.

(b) On or before the publication date of the Analysis of the 2002-03 Budget Bill, the Legislative Analyst shall evaluate the reports provided pursuant to subparagraphs (i) and (ii) of subdivision (a). The Analyst shall report its findings in the *Analysis of the 2002-03 Budget Bill*. In the event the department fails to file the reports, the Analyst shall assess the department's cash flow needs and make recommendations for addressing the department's cash shortfalls in the *Analysis of the 2002-03 Budget Bill*.

Item 8960-011-0995--Department of Veterans Affairs--Yountville Home

1. Reimbursement Contract Performance Report.

(a) The Department of Veterans Affairs shall, by December 15, 2001 and March 15, 2002, submit to the Chair of the Joint Legislative Budget Committee and the chairs of the budget committees of both houses, a report on the performance of the contractor to maximize reimbursement billings and collections at the Yountville Veterans Home. This report shall include, but not be limited to:

- (i) The status of the review of Medi-Cal record data for billing integrity.
- (ii) An analysis of the outstanding charges, reimbursements, and accounts receivable. The analysis shall:
 - 1) Consider the collections inventory of the existing charges, reimbursements and accounts receivable, as of June 30, 2001. The department shall: (a) total the inventory by payment source, and (b) identify the amount by payment source, which the department determines is uncollectible. The department shall describe in detail the basis for its estimates.
 - 2) Estimate the growth of the collections inventory during the 2001-02 fiscal year, and estimate the total for June 30, 2002. The department shall describe in detail the basis for its estimates.
 - 3) Determine the marginal return of additional resources to collect reimbursements, charges, and accounts receivable. Specifically, the department shall:
 - Estimate the net marginal return of the \$800,000 provided in the 2001-02 budget.

- Determine collections goals by payments source, for the collections inventory identified in subparagraphs (1) and (2).
- (iii) A copy or description of policies and procedures adopted by the department and each home to ensure full billing and to capture reimbursements.
 - (iv) The report shall describe how the training is intended to improve collections.
 - (v) The status of the Meditech computer system within this process.
 - (vi) A departmental review of charges and reimbursements lost and captured. The review shall determine the effect of aging on accounts. Specifically, under what circumstances do uncollected accounts become increasingly difficult to collect?
 - (vii) For the December 15, 2001 report only, the department shall identify any additional resources necessary to augment the 2002-03 budget to improve collections to meet the goals identified in subparagraph (3) of Paragraph (ii), above.

(b) The Legislative Analyst shall review the December 15, 2001 report required in subdivision (a). It shall publish its review in the *Analysis of the 2001-02 Budget Bill (Analysis)*. The Analysis shall also contain recommendations for improving collections of accounts receivable and reimbursement. It shall specifically comment on the goals identified in paragraph (vii), above. In the event the department fails to make its report by December 15, 2001, the Legislative Analyst shall recommend specific budget adjustments for the 2002-03 budget intended to improve collections. In developing the recommendation, the Legislative Analyst shall consider the cost effectiveness of shifting the collections activity from the department to a private collector.

Item 8965-001-0001--Department of Veterans Affairs

1. ***Barstow Recertification Progress Report.*** The Department of Veterans Affairs shall, beginning July 1, 2001 and monthly thereafter until recertification, provide to the chairs of the budget committees in each house and the Chair of the Joint Legislative Budget Committee a report evaluating the progress of the Barstow Veterans Home toward requesting a recertification inspection. This report shall include, but not be limited to, a detailed description of the activities of the contractor and the staff as they address areas of outstanding deficiencies, an evaluation of the effectiveness of these activities, and a discussion as to what further actions are required to fully clear an area of deficiency. This information shall be provided for all areas of deficiency identified by the Department of Health Services and the United States Department of Veterans Affairs and shall contain a summary of actions still required to clear each deficiency area, the expected completion date for each deficiency area, and the overall completion date when the home will be prepared to request a recertification inspection.